

HOUSING CALIFORNIA

Overview for Discussion with Stakeholders

Goal

Achieve an adequate housing supply of sufficient affordability to the full population, particularly for the workforce, in order to sustain long-term economic prosperity without exacerbating unsustainable land use patterns.

Challenge

- Housing is a pivotal component of economic infrastructure, as well as a major industry (\$59 B total annually; 526,000 jobs).
- Cost of housing is a major factor undermining California's economic competitiveness—one of the most significant short-term factors impacting the ability to retain and attract employers.
- Housing affordability is first and foremost an availability problem: a matter of supply and demand. Solutions must harness market forces to operate in the interest of the consumer (homebuyer and renter).
- Although several factors constrain housing production, among the most fundamental is the lack of sufficient amount of land properly designated and zoned for housing (for all incomes) that can be developed in a reasonable period of time. Land is one of the largest cost factors and is the fastest rising component of housing costs.
- Several actions are needed, but solution must begin with expanding supply through increasing inventory of properly designated and zoned land.

Objectives of a Workable Solution

- Expand housing supply (encourage increased production) by addressing the root causes of availability and affordability.
- Embrace market forces to operate in the interest of the consumer (homebuyer and renter): provide more choices for consumers; increase impact of existing resources; and minimize the depth of per-unit subsidy needed for very low and low income housing.

- Rely first and principally on government action, not more government money (recognizing and stipulating to the need for a reliable source of broad-based assistance for very low and low income housing).
- Accommodate an adequate supply on a more efficient land use pattern (reduce sprawl; minimize impacts on productive farmland and valuable habitat; provide a foundation for improved mobility and reduced single-occupant vehicle trips).
- Eliminate regulatory barriers and time delays for production.
- Reduce barriers to construction of for-sale attached product.
- Establish higher standards of accountability with less state bureaucracy and paperwork; provide regulatory relief for local governments in return for performance.
- Provide tangible incentives and rewards for good planning and more housing production; establish efficient enforcement.
- Provide for reasonable and appropriate local and regional flexibility in meeting the objectives (while not compromising other objectives).

Action Agenda

- Update state housing policy and commitment to an adequate housing supply for all; declare an adequate housing supply in an efficient land use pattern is preferred environmental alternative to current trends.
- Increase housing supply and expand land inventory by reforming General Plan Housing and Land Use Elements and Regional Housing Needs Determination and Allocation law process: Require each jurisdiction to “take care of their own” by designating a 20-year land supply for housing and zoning for 10 years to match natural population increase and workforce needs for all income categories. Encourage efficient land use.
- Develop performance-based Housing Element Self-Certification program.
- Expand Construction Dispute Resolution reform to existing stock (“right to repair” and limited sub-contractor liability).
- Modify Redevelopment Agency set asides: increase from 20% (<40%) for jurisdictions not meeting their fair share obligation and decrease for those that are as a reward (providing more resources for economic development).
- Improve CEQA to encourage housing and integrated land use planning. Capture funds now used for paperwork and dedicate to environment.
- Advocate federally for sufficient Section 8 funding.

- Develop alternative approach to inclusionary zoning (“housing for all” approach) and identify a reliable, broad-based source of funding for very low and low income households. Resolve prevailing wage issues.
- Explore additional private-sector homebuyer assistance programs.
- Consider other incentives and rewards for local jurisdictions meeting housing obligations (infrastructure funding and financing, new revenues).
- Launch a housing public education campaign.

Relationship Between State Responsibilities and Local Control

- State has a legitimate interest in ensuring overall public well-being and economic competitiveness.
- Both are threatened by current land use patterns and the failure to plan for an accommodate an adequate housing supply. No jurisdiction has the right to stunt California’s economic future.
- Existing local land use authority or local control is pursuant to and defined by state law (General Plans, Regional Housing Needs Determination and Allocation law process, Resource Laws).
- Only the state can change state laws pertaining to land use planning and housing.
- There must be a new spirit of cooperation and partnership between and among local, regional and state governments. Local and regional officials are providing leadership and innovation that should be supported, furthered and rewarded.

Outcomes and Metrics

- Increased housing production to 225,000 – 250,000 units annually (190,000+ in 2003, 200,000+ in 2004).
- Increased affordability (Affordability Index now 19%; down from 25% a year ago and 30% two years ago).
- Moderated increases in median-priced homes (statewide and by region). (Median-priced home statewide currently >\$460,000.)
- Increased percentage of homeownership.
- Efficient land use: accommodation of more housing on less land than current trend projections.